

Stewart's 1996

- 252 C-Store Direct Chain NY & VT
- 155 cpw industry/45 cpw RJR=29% SOM
- NSS Springload(s)
- BAT produced springfed pack display on SS. RJR has 16 facings of this display for \$100.00 per mo. with 1 piece of perm. adv. per store.
- Private Stock is 15% of accounts business.
- Account does not participate in VAP.
- RJR is in Quarterly Buy-Down program on Win/Cam/Dor
- No RJR Frequency is assigned

Stewart's 1996

- Chain Pricing is as follows:

-Single Pack	\$2.90
-2 Pack	\$5.00
-W/C/Kool 2 Pk	\$4.00 (\$0.38 per pack)
-Brand. Sav.	\$2.35
-Dor/GPC	\$2.15 (\$0.20 per pack)
-Private Stock	\$2.00 (\$1.85 BD)

Stewart's Business Report - SOM

- BD has been effective in growing SOM

	<u>4Q.95</u>	<u>YTD96</u>	<u>1Q.97</u>
RJR FP SOM	22.12%	25.17%	27.45%
RJR SOS	8.03%	6.60%	8.26%
RJR SOM	24.19%	26.66%	29.10%
Camel	9.03%	9.91%	12.83%
Winston	9.55%	10.65%	12.01%
Doral	2.04%	1.48%	1.65%
Marlboro	31.02%	29.64%	29.92%
GPC	2.11%	2.41%	2.34%
Private Stock	14.98%	13.10%	12.71%

Stewart's 1996 Promotion Execution

- RJR Buy-Down \$3.80 FP, & \$2.00 Savings.

-RJR FP cost = \$650,000.00

-RJR Doral cost = \$58,000.00

-Stewart's cost = \$632,000.00

*With out Partner @ Wholesale
" " RDA's*

Total = 1.8 million '96.

Cigarette Category Profitability

"Account Name"

CURRENT INPUT:

Cost / Price	Carton	Carton	Pack
PRICE TIER	Cost	Price	Price
SINGLE PACK	\$17.49	\$29.00	\$2.90
WCK 2PACK	\$17.49	\$24.00	\$2.38
IND 2 PACK	\$17.49	\$25.00	\$2.50
BRANDED	\$14.79	\$23.50	\$2.35
PRIV STOCK	\$14.44	\$20.00	\$2.00

Average Per Store:

# Cartons / Week	155
Inventory (Cartons)	
Annual Ind. Allowance \$	
ACV \$ / Week	
Estimated Pilferage %	
# Stores	252

Segment Shares		Pack / Carton Ratios					
% SINGLE PACK	14.8		% by Pack	Ctns(by Pk)	% by Carton	Ctns(by Ctn)	Tot. %
% WCK 2PACK	30.2	SINGLE PACK	100.0	23	0.0		100.0
% IND 2 PACK	34.5	WCK 2PACK	100.0	47	0.0		100.0
% BRANDED	7.3	IND 2 PACK	100.0	53	0.0		100.0
% PRIV STOCK	13.2	BRANDED	100.0	11	0.0		100.0
		PRIV STOCK	100.0	20	0.0		100.0
Tot. %	100.0				100.0		100.0

OUTPUT:

Profit Summary			Avg. Year Per Store	252 Stores		Avg. Year Per Store	252 Stores
Cigarette Sales \$		197,068	49,661,087	SINGLE PACK	Sales \$	34,584	8,717,867
Tot. Wtd. Gross Margin %		30.9%	30.9%		Profit \$	13,730	3,469,972
Tot. Gross Profit \$		60,990	15,369,526		GM%	39.7%	39.7%
Industry Allowance \$		0	0	WCK 2PACK	Sales \$	57,932	14,598,878
Tot. Net Profit \$		60,990	15,369,526		Profit \$	15,359	3,870,543
Est. Pilferage %		0.00%	0.00%		GM%	26.5%	26.5%
Adj. Net Profit \$		60,990	15,369,526	IND 2 PACK	Sales \$	68,618	17,518,410
					Profit \$	20,883	5,262,530
					GM%	30.0%	30.0%
Avg. per Carton	Profit \$	7.63	7.63	BRANDED	Sales \$	13,827	3,484,386
	GM%	31.1%	31.1%		Profit \$	6,125	1,291,447
Avg. per Pack	Profit \$	7.67	7.67		GM%	37.1%	37.1%
	GM%	30.9%	30.9%	Sales \$	21,188	5,341,846	
				PRIV STOCK	Profit \$	5,993	1,485,033
Avg. Inventory (#Ctns)		0	0		GM%	27.8%	27.8%
Avg. Inventory Cost		0	0		Sales \$	0	0
Avg. Inventory Turns / Yr		0.0	0.0		Profit \$	0	0
ROI \$		\$0.00	\$0.00		GM%	0.0%	0.0%
Cigt. % Tot. Sales (ACV)		0.0%	0.0%				

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Stewart's

Business Report - Profitability

- Contract remains the same, Promotional support remains the same

<u>Per Carton</u>	<u>4Q.96</u>	<u>1Q.97</u>
Contract	\$.52	\$.54
Promotion	<u>\$3.69</u>	<u>\$3.36</u>
Cost Per Ctn.	\$4.21	\$3.90
Profit Per Ctn.	\$1.79	\$1.72

Stewart's Promotion Execution 1997

- Reduce FP Buy-Down from \$3.80 to \$2.50.
- Market Analysis and Elasticity Model estimate that RJR will loose approx. 1.25 Share Points.(1 Ctn. per week per store)

-Stewart's saves \$632,000.00

-RJR saves \$650,000.00

Cigarette Category Profitability

"Account Name"

3/14/97

PROPOSED INPUT:

Cost / Price			
	Carton	Carton	Pack
PRICE TIER	Cost	Price	Price
SINGLE PACK	\$17.48	\$20.00	\$2.00
WCK 2PACK	\$17.49	\$25.00	\$2.50
IND 2 PACK	\$17.49	\$25.00	\$2.50
BRANDED	\$14.78	\$25.00	\$2.50
PRIV STOCK	\$14.44	\$20.00	\$2.00

Average Per Store:

# Cartons / Week	
Inventory (Cartons)	
Annual Ind Allowance \$	
ACV \$ / Week	
Estimated Pilferage %	
# Stores	

Segment Shares		Pack / Carton Ratios					
% SINGLE PACK		% by Pack	Ctns(by Pk)	% by Carton	Ctns(by Ctn)	Tot. %	
30.2		100.0	23	0.0		100.0	
34.8		100.0	47	0.0		100.0	
17.3		100.0	53	0.0		100.0	
13.2		100.0	11	0.0		100.0	
		100.0	20	0.0		100.0	
Tot. %	100.0			100.0		100.0	

OUTPUT:

Profit Summary		Average Year		262	262	Variance
		Per Store		Stores	Stores	
		Current	Proposed	Current	Proposed	All Stores
Cigarette Sales \$		197,068	198,699	49,661,087	50,072,022	410,935
Tot. Wtd. Gross Margin %		30.8%	32.0%	30.8%	32.0%	1.0%
Tot. Gross Profit \$		60,990	63,489	15,369,626	16,001,696	632,171
Industry Allowance \$		0	0	0	0	0
Tot. Net Profit \$		60,990	63,489	15,369,626	16,001,696	632,171
Est. Pilferage %		0.00%	0.00%	0.00%	0.00%	0.00%
Adj. Net Profit \$		60,990	63,489	15,369,626	16,001,696	632,171
Avg. Gross Margin %	Cartons	31.1%	32.0%	31.1%	32.0%	0.8%
	Packs	30.8%	32.0%	30.8%	32.0%	1.0%
Avg. Inventory (#Ctns)		0	0	0	0	0
Avg. Inventory Cost		0	0	0	0	0
Avg. Inventory Turns / Yr		0.0	0.0	0.0	0.0	0.0
ROI \$		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Cigt. % Tot. Sales (ACV)		0.0%	0.0%	0.0%	0.0%	0.0%
SINGLE PACK	Sales \$	34,694	34,370	8,717,667	8,861,325	-56,242
	Profit \$	13,730	13,641	3,459,972	3,437,650	-22,322
	GM%	39.7%	39.7%	39.7%	39.7%	0.0%
WCK 2PACK	Sales \$	57,932	60,460	14,698,978	15,236,021	637,143
	Profit \$	15,369	18,162	3,870,643	4,576,901	706,368
	GM%	26.6%	30.0%	26.6%	30.0%	3.6%
IND 2 PACK	Sales \$	69,618	69,089	17,518,410	17,405,389	-113,022
	Profit \$	20,883	20,748	5,262,830	5,228,879	-33,962
	GM%	30.0%	30.0%	30.0%	30.0%	0.0%
BRANDED	Sales \$	13,827	13,738	3,484,386	3,461,906	-22,480
	Profit \$	5,126	5,092	1,291,447	1,263,116	-8,332
	GM%	37.1%	37.1%	37.1%	37.1%	0.0%
PRIV STOCK	Sales \$	21,198	21,061	5,341,848	5,307,382	-34,464
	Profit \$	5,893	5,856	1,486,033	1,475,452	-9,581
	GM%	27.6%	27.8%	27.8%	27.6%	0.0%
	Sales \$	0	0	0	0	0
	Profit \$	0	0	0	0	0
	GM%	0.0%	0.0%	0.0%	0.0%	0.0%

R.J. Reynolds Tobacco (confidential)

3/14/97

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Stewart's

Business Report - Profitability

- RJR projected -1.25 SOM. Promotional support decreases.

<u>Per Carton</u>	<u>2nd Qtr. 97</u>
Contracts	\$.55
Promotion	\$2.24
Cost Per Ctn.	<u>\$2.79</u>
Profit Per Ctn.	\$2.82 (+\$1.10)

Stewart's 1997

- Contracts = No Change
- Communication = No Change
- Cost Efficiencies
 - Secure PLU Key for 2 pack Promotion that will increase RJR's Profit Margin and increase frequency of Work Plan National Promotions.

@ 90% 2 Pl Sales Rate = \$200,000 yr

Stewart's Tracking

- Volume / Share Spreadsheet
 - Ensure that Share loss, if any, does not exceed the increase of Profitability.
- Business Report
 - Supplement Spreadsheet to measure Categories and Overall Profitability.
- PTRAC
 - Ensure Wholesale objectives are not compromised by Retail Activities.

STEWARTS MARKETING												51861 2270
VOLUME/ SHARE RESULTS												
NOV. 95 THROUGH DEC 96												
AIM DATA												
	Cartons Per Month	RJR Total	RJR Full Price	Doral	Marlboro	Camel	Winston	GPC	Pvt Stock	Salem	Kool	Newport
Nov-95	33207	30258	2879	41870	14844	11058	3601	21255	3211	3104	10742	
Dec-95	33206	30538	2644	40124	14396	11780	4885	21234	3196	3084	10788	
Jan-96	32819	30452	2346	38980	13865	12662	2576	20266	2833	9033	10629	
Feb-96	41507	39001	2479	54173	18133	15808	3698	24935	3683	3248	13213	
Mar-96	34462	32336	2111	42398	15019	13163	2885	20338	2989	5174	10830	
Apr-96	36854	34581	2249	42793	15904	14258	3446	21496	3175	5557	11466	
May-96	38182	36730	2428	47223	17019	15449	3413	22861	3199	9071	12226	
Jun-96	32696	30863	1817	39040	14059	13062	3076	18684	2810	12703	10127	
Jul-96	39129	37080	2024	44299	17231	15520	3486	19433	3180	2411	11437	
Aug-96	49056	46510	2524	61164	21393	19961	4130	23318	3849	7483	14202	
Sep-96	46253	43937	2298	50959	20072	19303	3906	20820	3414	8211	12442	
Oct-96	43659	41682	1968	42936	19379	18133	3692	19657	3085	8104	11718	
Nov-96	57089	54731	2339	60253	26086	23496	4474	25420	3831	9814	14855	
Dec-96	44999	43016	1966	45377	20000	18850	3855	20848	3106	7696	11740	
Average Per Month	40223	37980	2291	46542	17671	15893	3652	21469	3254	6764	11887	
Vol Trend Nov-95 - Dec-96	1365	1407	-42	814	641	746	36	24	22	364	169	
Latest 6 Mo Vol Trend	1453	1488	-34	-153	778	745	76	349	-22	952	79	
		RJR Total SOM	RJR FP SOM	Doral SOM	Marlboro SOM	Camel SOM	Winston SOM	GPC SOM	Pvt Stock SOM	Salem SOM	Kool SOM	Newport SOM
Nov-95	24.72%	30.54%	2.14%	31.17%	11.05%	8.23%	2.68%	15.82%	2.39%	2.31%	8.00%	
Dec-95	24.79%	31.24%	1.97%	29.96%	10.75%	8.79%	3.65%	15.85%	2.39%	2.30%	8.05%	
Jan-96	24.13%	29.24%	1.73%	28.67%	10.20%	9.31%	1.89%	14.91%	2.08%	6.64%	7.82%	
Feb-96	25.21%	31.13%	1.51%	32.91%	11.02%	9.60%	2.25%	15.15%	2.24%	1.97%	8.03%	
Mar-96	25.35%	31.11%	1.55%	31.19%	11.05%	9.68%	2.12%	14.97%	2.20%	3.81%	7.97%	
Apr-96	25.86%	31.65%	1.58%	30.03%	11.16%	10.00%	2.42%	15.09%	2.23%	3.90%	8.05%	
May-96	24.63%	29.71%	1.53%	29.69%	10.70%	9.71%	2.15%	14.38%	2.01%	5.70%	7.69%	
Jun-96	24.53%	29.61%	1.36%	29.29%	10.55%	9.80%	2.31%	14.03%	2.11%	9.53%	7.60%	
Jul-96	27.89%	33.94%	1.44%	31.58%	12.28%	11.07%	2.49%	13.85%	2.27%	1.72%	8.15%	
Aug-96	26.65%	31.65%	1.37%	33.23%	11.62%	10.84%	2.24%	12.67%	2.09%	4.07%	7.72%	
Sep-96	27.92%	33.25%	1.39%	30.77%	12.12%	11.65%	2.36%	12.57%	2.06%	4.96%	7.51%	
Oct-96	29.12%	35.10%	1.31%	28.65%	12.93%	12.10%	2.46%	13.11%	2.06%	5.41%	7.82%	
Nov-96	28.97%	34.71%	1.19%	30.58%	13.24%	11.92%	2.27%	12.90%	1.94%	4.98%	7.54%	
Dec-96	29.19%	35.22%	1.28%	29.44%	12.97%	12.23%	2.50%	13.53%	2.02%	4.99%	7.62%	
Average SOM	26.35%	32.01%	1.53%	30.51%	11.55%	10.35%	2.41%	14.20%	2.15%	4.45%	7.83%	
SOM Trend Nov-95 - Dec-96	0.40%	0.39%	-0.06%	-0.04%	0.20%	0.30%	-0.02%	-0.25%	-0.03%	0.16%	-0.03%	
Latest 6 Mo SOM Trend	0.42%	0.50%	-0.04%	-0.59%	0.26%	0.27%	0.01%	-0.01%	-0.05%	0.56%	-0.08%	